



Shropshire Council
Legal and Democratic Services
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND

Date: June 2018

**Committee:
Schools Forum**

Date: Thursday, 21 June 2018

Time: 8.30 am

**Venue: Shrewsbury Training and Development Centre, Racecourse Crescent,
Monkmoor, Shrewsbury, SY2 5BP**

You are requested to attend the above meeting.
The Agenda is attached

Claire Porter
Head of Legal and Democratic Services (Monitoring Officer)

Members of Schools Forum

Bill Dowell (Chair)
Phil Adams
Michael Barrett
Christine Hargest
John Hitchings
Sandra Holloway
Colin Hopkins
Pete Johnstone

Alan Parkhurst
Geoff Pettengell
Kay Redknap
Geoff Renwick
Mark Rogers
Philip Sell
Joy Tetsill
Ruth Thomas

Your Committee Officer is:

Philip Wilson Service Manager Business Support People

Tel: 01743 254344

Email: phil.wilson@shropshire.gov.uk

AGENDA

- 1 **Apologies**
- 2 **Minutes and Matters Arising (Paper A) (Pages 1 - 4)**
- 3 **Allocation of Early Years Block 2018 - 2019 - Neville Ward (Paper B) (Pages 5 - 10)**
- 4 **School Balances as at March 2018 - Gwyneth Evans (Paper C) (Pages 11 - 14)**
- 5 **Control on Surplus Balances 2017 - 2018 - Gwyneth Evans (Paper D) (Pages 15 - 18)**
- 6 **Dedicated Schools Grant 2018-19 - Gwyneth Evans (Paper E) (Pages 19 - 20)**
- 7 **Schools Financial Value Standard (SFVS) 2017 - 18 and Replacement from April 2019 - Gwyneth Evans (Paper F) (Pages 21 - 24)**
- 8 **Scheme for the Financing of Schools Revisions - Gwyneth Evans (Paper G) (Pages 25 - 26)**
- 9 **High Needs Block Annual Summary - Julia Dean (Paper H)**
- 10 **Dedicated Schools Grant Monitoring - Stephen Waters/Julia Dean (Paper I)**
- 11 **Communications**
- 12 **Future Meeting Dates (Please diary)**

13 September 2018	8.30 am	STDC, Monkmoor
8 November 2018	8.30 am	STDC, Monkmoor

6 December 2018	8.30 am	STDC, Monkmoor
17 January 2019	8.30 am	STDC, Monkmoor
31 January 2019 (provisional)	8.30 am	STDC, Monkmoor
21 March 2019	8.30 am	STDC, Monkmoor
6 June 2019	8.30 am	STDC, Monkmoor

This page is intentionally left blank

Agenda Item 2

	Schools Forum Date: 21 June 2018 Time: 8.30 am Venue: STDC, Monkmoor, Shrewsbury	<u>Item/Paper</u> A Public
---	---	---

MINUTES OF SCHOOLS FORUM HELD ON 22 MARCH 2018

Present

School Forum Members

Bill Dowell (Chair)
Phil Adams – Academy Headteacher
John Hitchings – SSGC
Sabrina Hobbs – Academy Headteacher
Sandra Holloway – Primary Governor
Shelly Hurdley – Early Years Representative
Samantha John – Academy Representative
Pete Johnstone – Secondary Headteacher
Alan Parkhurst – Primary Headteacher
Mark Rogers – Primary Headteacher
Charles Thomas (NEU) – representing Jean Evanson
Guy Verling – Primary Headteacher

Members

Cllr Nick Bardsley

Officers

Phil Wilson
Julia Dean
Gwyneth Evans
Chris Mathews
Stephen Waters
Helen Woodbridge (Minutes)

Observers

David Vasmer
Robin Wilson

1. Apologies

Apologies had been received from Michael Barratt, John Eglin, Jean Evanson, Maggie Furmanek, Marilyn Hunt, Geoff Pettengell, Geoff Renwick, Michael Revell, Philip Sell, Clare Aspinall, Roger Evans, Karen Bradshaw, Neville Ward and Jo Jones.

2. Minutes and Matters Arising (Paper A)

It was agreed that Schools Forum membership is to be added as an agenda item for the next secondary headteachers' briefing.

3. High Needs Benchmarking

Phil Wilson went through the report and appendices. He reported that officers and school representatives supported a simplified version of the funding mechanism with two bands instead of four which would enable more effective multi-year budget planning. Robin Wilson explained that special school budgets are very different with numbers on roll not known in advance. Commissioned places are known but actual places are not. Top ups across four bands are difficult - in reality the school is receiving lower band funding rather than the average which is worked on to predict numbers and banding. A shift to bands A and B is skewing to a lower level of funding meaning that Woodlands is significantly less well off than similar schools in the West Midlands. Sabrina Hobbs was pleased with general outcomes of report and agreed that a flatter simplified structure in terms of banding would be good to explore. She added that admissions timelines can add to the fluctuation of the budget and wondered if information coming from the LA/other providers could be developed to improve budget planning. Phil Wilson confirmed that the structure being considered for Woodlands is one general band and another to enable targeting of top up funding at a higher level in a minority of circumstances.

John Hitchings advised that although he has long service as a governor, he finds it

ACTION

PW

difficult to understand Severndale's finances which can change significantly year on year. He suggested that the system needs to be as simple as possible to enable accountability, predictability and good value for money.

It was established that there are other pressures on high needs funding eg rising exclusions. Also, there is a need to enable the reduction of out of county placements and to move some MLD pupils to mainstream schools.

Julia Dean advised that the high needs strategic review has established that more hubs are to be developed. The first hubs are to be in place from September 2018. Further funding from the government is available to look at alternative provision and free school specialist provision. She requested representation from Schools Forum to feed in to developments from a financial perspective.

The chair summarised that officers will continue to work with the two special schools and in parallel will work with Julia Dean and Jonathan Wilding re developments around hubs and alternative provision. It was felt that the biggest impact will be on mainstream schools.

Chris Mathews confirmed that Schools Forum would consider the findings, officers will draw up the policy, CPG will be consulted and it will go to members for approval.

Mark Rogers spoke of the tensions between primary and secondary finances and the need to reflect on benchmarking with other statistical neighbour areas. He expressed a concern that the simplification of banding may lead to a loss of flexibility.

Phil Adams pointed out that if mainstream schools are meeting more of the lower level needs it would mean that specialist schools receive more higher needs students.

Julia Dean advised that the review has found that Shropshire has less children in special and more in mainstream schools than local and statistical neighbours.

Robin Wilson added that a panel always considers placements.

Pete Johnstone asked about a potential free school as he recognised the need.

Julia Dean advised that it would be to address geographical need in the south and confirmed that high needs funding would follow the children.

Stephen Waters added that this would enable in county placement of children who are currently placed out of county.

Phil Wilson spoke of the need for business appraisal as the funding pot won't grow.

Julia Dean suggested that there would be savings on transport.

The chair asked about the timescale for the strategy and it was confirmed that it is to go to Cabinet and will be put onto the work plan asap.

The chair suggested moving the June meeting back to 21 June to enable further discussion on this and this was agreed.

4. **Secondary School Deficit - Confidential item**

He explained the legacy deficit of £425k and reminded Schools Forum members that a group has met twice to discuss options.

The meeting on 25 September 2017 provided background information and the meeting on 2 January 2018 included school and councillor representatives. He advised that there is no option to get approval from SoS (as Schools Forum did for a previous deficit).

Ways of addressing the deficit were suggested and a range of options explored.

ESFA rules mean that there is no provision for all schools to contribute to a deficit balance. The LA could use its de-delegated contingency but this would affect mainstream schools only so is not an acceptable option.

Possibilities include:

- Using the income from a one off source at the school.
- SEND provision/hubs defrayment of some building costs.
- Disposal of parcel of land – issue is that capital receipt may not stay in education and would need mechanism to use capital receipt for revenue purposes. Also precedent issues.

Another meeting of the group is to be arranged early in the summer term.

It was recognised that the school is well managed – it is a good and improving school

with outstanding leadership and management including governance. Both the chair and vice chair confirmed that they are unwilling to bring to Schools Forum any proposal to write this debt off through dedelegation. Schools Forum were in agreement with this.

John Hitchings asked what would happen if nothing is done. It was thought that it may be possible for the school to repay over 20 years, however, there is always the danger that if the school becomes a sponsored academy, the deficit will come back to the LA. It is also a barrier to academisation.

Phil Adams pointed out that the school could be faced with closure if a sponsor could not be found.

Mark Rogers identified the unfairness in the system as some academy trusts are being bailed out at a cost of up to £70 million.

The chair felt that Schools Forum has a good understanding of the issues (which are difficult to solve) and will continue to work on it. The school both recognises the support and understands the complexities.

5. Dedicated Schools Grant Monitoring

Stephen Waters went through his report.

Julia Dean spoke of ongoing work with partners eg health re commissioning to enable children to be placed more locally.

The uptake of SEN nursery placements 30 hours are hard to predict but should become clearer over time.

Sabrina Hobbs recognised that placement in independent specialist provision is not only an education decision. However, cuts to health and social care are contributing to the need for this type of placement.

6. Communications

The chair stressed the need for the lead member to keep raising the issues with MPs.

Nick Bardsley reported his frustration as at the last meeting with MPs they didn't get to his report. He has requested to be top of the agenda in April.

Chris Mathews and Nick Bardsley had talked to the RSC about a specific school deficit issue but felt they did not understand.

Sabrina Hobbs expressed concern that schools are having to take on more without any extra funding.

Charles Thomas advised of the NEU action day on 21 April where these issues will be raised.

Gwyneth Evans advised that she will be attending f40 conference in London on Monday. They are joining up with Worth Less campaign.

The meeting closed at 10.15 am.

Future meetings (please diary):

21 June 2018	8.30 am	STDC, Monkmoor
13 September 2018	8.30 am	STDC, Monkmoor
8 November 2018	8.30 am	STDC, Monkmoor
6 December 2018	8.30 am	STDC, Monkmoor
17 January 2019	8.30 am	STDC, Monkmoor
31 January 2019 (provision)	8.30 am	STDC, Monkmoor
21 March 2019	8.30 am	STDC, Monkmoor
6 June 2019	8.30 am	STDC, Monkmoor

This page is intentionally left blank



Schools Forum

Date: 21 June 2018
Time: 8.30 am to 10.30 am
Venue: Shrewsbury Training & Development Centre,
Monkmoor, Shrewsbury

Item

Public

Paper

B

ALLOCATION OF EARLY YEARS BLOCK 2018-19

Responsible Officer Neville Ward

e-mail: neville.ward@shropshire.gov.uk Tel: 01743 254552

Summary

This paper is to inform School Forum of the proposals for the allocation of the Early Years Block funding in 2018-19.

Recommendation

To note the proposals for the allocation of the Early Years Block funding in 2018-19.

REPORT

Background

1. The Education, Skills & Funding Agency (ESFA) has recently updated its operational guidance in terms of the allocation of funding to local authorities for the provision of the free early years entitlements. Whilst there are no changes which impact significantly on the way in which the Early Years Block funding is allocated in Shropshire it would seem to be an opportune time to confirm our funding arrangements for the current financial year to forum.
2. The Early Years Block funding covers the delivery of the following entitlements:
 - the 15 hours entitlement for disadvantaged two year olds
 - the universal 15 hours entitlement for all three and four year olds
 - the additional 15 hours entitlement for eligible working parents of three and four year olds
 - the Early Years Pupil Premium (EYPP)
 - the Disability Access Fund (DAF).
3. The funding for local authorities to provide the above entitlements form the Early Years Block of the Dedicated Schools Grant (DSG). The key requirements on local authorities in terms of how they use funding within the Early Years Block are as follows:

4. Local authorities must:
- plan to spend at least 95% of their funding for the three and four year old entitlements on the delivery of the entitlements for three and four year olds
 - move toward a universal base rate for funding for all providers in their three and four year old formulae
 - must use a deprivation supplement in their local three and four year old formulae
 - must not channel more than 10% of their funding for the three and four year old entitlements through funding supplements
 - provide a SEN fund for three and four year olds
 - pass on EYPP and DAF funding in full to providers

Compliance with the above requirements is monitored through the annual section 251 return.

5. At the moment, Shropshire is only aware of the initial funding allocations. ESFA will update these allocations in:
- July 2018, based on January 2018 census numbers
 - July 2019, based on five twelfths of the January 2018 census numbers (to cover the April 2018 to August 2018 period), and seven twelfths of the January 2019 census numbers (to cover the September 2018 to March 2019 period)

This means that the final allocations for each of the funding streams will be based on $(5/12 \times \text{January 2018 census numbers}) + (7/12 \times \text{January 2019 census numbers})$.

Funding

6. The Initial 2018-19 Early Years block allocation for Shropshire is as follows:

Funding for the universal three and four year old entitlement	£9,751,162
Funding for the extended three and four year old entitlement	£3,374,537
Funding for the two year old entitlement	£1,738,090
Funding for the Early Years Pupil Premium	£86,199
Funding for the Disability Access Fund	£51,045
Total	£15,001,033

7. The current budgeted spend of this initial allocation is as follows:

Universal three and four year old entitlement	£9,033,015
Extended three and four year old entitlement	£3,018,845
Two year old entitlement	£1,694,639
EYPP	£86,199
DAF	£51,045
Sustainability funding	£300,000
Deprivation funding	£300,000
SEN fund	£200,000
Central retained funds	£317,290
Total	£15,001,033

Further detail in relation to each of the above:

Universal and Extended three and four year old entitlement

8. The hourly rate at which the local authority is funded by the Department for Education (DfE) for the provision of these hours is £4.30 per hour per child. The hourly base rate the funding is passed on to providers for the provision of the entitlements is £3.90 per hour per child (91%), thereby meeting the requirement set out above not to channel more than 10% of the funding allocation through supplements

Two-year-old entitlement

9. The hourly rate at which the DfE fund local authorities for the provision of these hours is £5.20 per hour per child. The hourly base rate the funding is passed on to providers for the provision of the entitlements is £4.96 per hour per child (95%).

EYPP and DAF

10. The funding streams are passed on in full to providers based on claims made by them for those children meeting the relevant eligibility criteria.

Supplements to the base rates of funding

11. The funding formulae for Shropshire allows for two additional supplements to the universal base rate of £3.90 per hour per child for three and four year olds. These are as follows:

a) Sustainability

Sustainability funding is allocated by the local authority to early years providers to ensure that the statutory duty to provide sufficient free early years entitlement places across the whole of the county is met. In the main the

funding is used to 'top-up' the amount of per pupil funding paid to providers in more rural areas to ensure that they have enough overall income to continue to operate. Whilst the level of funding paid to each setting will be defined on a case by case basis, considering the particular circumstances of the provider, the basis for funding is clearly set out and consistent across all providers. A small element of this funding is also used to support providers in short term crises.

b) Deprivation

The authority has changed the way in which the early years disadvantaged supplement is calculated and paid to early year providers from the start of the financial year 2018/19. Full details of these changes were explained to Schools Forum in a presented at the 18 December 2017 meeting. In the future funding will be distributed to providers based on an IDACI measure of children attending the setting. Some funding will also be distributed to meet the needs of families in short term crises.

With both sustainability and deprivation funding being passed on in full to providers the total amount of the EY block which we plan to allocate to providers is £14,607,262 (97.4% of our initial allocation).

Central retained funds

12. The local authority intends to retain £393,771 (2.6%) of the overall allocation of funding for the universal and extended free entitlement for three and four year olds. This is well within the required 5% maximum amount that can be retained centrally under the new regulations.
13. This funding is primarily used for the following purposes:
 - i. Salary costs for approximately 6 FTE staff employed within the early years service which includes staff to support SEN, safeguarding and collection of data and distribution of funding to early years providers
 - ii. Provision and maintenance of early years funding portal
 - iii. Repairs, maintenance and running costs for a small number of buildings still owned by the local authority from which childcare is delivered
 - iv. Provision of information, support and guidance to settings failing their Ofsted inspection
 - v. Provision of statutory CPD and training including safeguarding and SEN.

Conclusion

14. In terms of how the Early Years Block will be allocated and spent, the local authority is operating within the requirements set out by the ESFA. Whilst there are often pressures on different parts of the overall funding allocation at different times the overall aim is to pass on as much of the funding allocation as possible to providers whilst ensuring that the statutory duties are met.

15. The authority is aware that many of the county's childcare providers are concerned at the overall level of funding they receive and whether they can continue to remain sustainable and offer the free entitlements given the rate at which they are reimbursed. Everything is being done at the local level to pass on the highest possible hourly rate to providers, but there remains a case for continuing to lobby at a national level for more funding for Shropshire.

This page is intentionally left blank



Schools Forum

Date: 21 June 2018

Time: 8:30 a.m.

Venue: Shrewsbury
Training and Development
Centre

Paper

C

Public

School Balances as at March 2018

Responsible Officer Gwyneth Evans
e-mail: gwyneth.evans@shropshire.gov.uk Tel: 01743 254865

Summary

This report analyses the actual levels of individual local authority maintained schools' balances at March 2018 and compares these with the previous year's position. It does not include the financial position of academies which are outside of the local authority's control.

Recommendation

This report provides information on the actual levels of individual local authority maintained schools' balances as at 31 March 2018, including the movement in balances from the end of the previous financial year, for information only.

Schools Forum's views are sought on approaches for preventing schools transferring to academy status under a sponsored arrangement from overspending and leaving a deficit balance behind with the local authority.

REPORT

Background

1. Schools' surplus balances at the end of each financial year are carried forward and earmarked specifically for each individual school's use.
2. Deficit balances are also carried forward and set against the individual school's budget for the following year except where a school becomes a sponsored academy. In these instances, any deficit remains with the local authority. Any school planning a deficit budget is required to agree a licensed deficit arrangement with the local authority stipulating how and when the school will move out of a deficit position.

3. All such requirements are contained within Shropshire's approved Scheme for the Financing of Schools. The Scheme includes a schools' balance control mechanism, as agreed by Schools Forum, which requests the local authority report on, control and claw-back, where appropriate, schools' excessive surplus balances. This is a mechanism to remove excessive balances from schools where they cannot demonstrate that they are properly assigned. Any such claw-back of balances is recycled within Shropshire's overall Schools' Budget.

Actual levels of schools' balances as at 31 March 2018

4. The overall level of school balances held by maintained schools in Shropshire has reduced over the last financial year by £1,276,014 (20%) to a total balance of £5,000,990. This overall reduction reflects reduced balances of £782,583 (12%) relating to 2017-18 academy convertors and £493,431 (8%) relating to maintained schools as at 31 March 2018.
5. A confidential appendix setting out detailed school by school information on the levels of individual schools' balances will be tabled at the meeting. The data in the confidential appendix is presented in order of percentage size of balance compared to the total school revenue funding, as used in the control on balances mechanism.
6. A summary is given in the table below:

	March 17 Number of Schools	Balance March 2017 £	March 18 Number of Schools	Balance March 2018 £	Variance	
					£	%
Primary Schools						
In Deficit	4	-8,495	5	-20,281	-11,786	139%
In Surplus	108	5,976,338	94	4,604,924	-1,371,414	-23%
Net Total	112	5,967,843	99	4,584,643	-1,383,200	-23%
Secondary (inc All-Through) Schools						
In Deficit	2	-482,689	1	-431,153	51,536	-11%
In Surplus	5	789,799	5	776,567	-13,232	-2%
Net Total	7	307,110	6	345,414	38,304	12%
Special Schools						
In Deficit	1	-11,375	1	-29,160	-17,785	156%
In Surplus	1	13,426	1	100,093	86,667	646%
Net Total	2	2,051	2	70,933	68,882	3358%
All Schools						
In Deficit	7	-502,559	7	-480,594	-1,297,979	-4%
In Surplus	114	6,779,563	100	5,481,584	21,965	-19%
Net Total	121	6,277,004	107	5,000,990	-1,276,014	-20%

7. During the financial year 2017-18, one secondary school and 11 primary schools transferred to academy status. In addition three primary schools amalgamated

into a single school. This takes the total number of Shropshire maintained schools from 121 at March 2017 to 107 at March 2018.

Surplus Balances

8. Overall surplus balances have reduced by £1,297,979 (19%) during the year, this follows a 16% reduction to overall surplus balances in the previous year. The reduction in overall surplus balances in 2017-18 relates to the primary and secondary sectors only and includes the balances relating to in-year academy converters.
9. Primary school surplus balances reduced by £1,371,414 (23%) and secondary school surplus balances reduced by £13,232 (2%) over the year. Conversely, special school surplus balances (relating to one school) have increased by £86,667 (646%) over the year.

Deficit Balances

10. Overall deficit balances have reduced by £21,965 (4%), this follows a 43% reduction to deficit balances in the previous year. Deficit balances have reduced in the secondary sector but increased in the primary and special sectors.
11. Primary school deficit balances increased overall by £11,786 (139%) over the 2017-18 financial year. The number of primary schools in deficit increased from four to five. Of the four schools in deficit at March 2017, two fully repaid their deficits in 2018-19, one remains in deficit and one converted to academy under a sponsored arrangement and through agreement with the Academy Trust, took their deficit balance with them.
12. Of the five primary schools in deficit at March 2018, one remained in deficit from the previous year and the others all moved into a deficit position during the year. None of the schools had a licensed deficit agreement with the local authority. One of these converted to an academy on the 1 April 2018 and will take their deficit balance with them. Appropriate action is being taken with the remaining four maintained primary schools with unlicensed deficits.
13. Secondary school deficit balances reduced overall by £51,536 (11%) over the year. Of the two secondary schools in deficit at March 2017, one moved into a surplus position during the year and the one remaining secondary school with a deficit balance reduced their deficit marginally.
14. Special school deficit balances increased from £11,375 to £29,160 during the year. This relates to one special school. The school does not have a licensed deficit agreement with the local authority. Local authority officers are working with the school to achieve a balanced and sustainable future budget position.
15. The local authority continues to require schools with deficit balances to report their financial position to the local authority on a termly basis. Termly monitoring meetings are held between the local authority's School Funding Policy Officer and the schools where appropriate. As and when necessary, headteachers, school business managers and chairs of governors/chairs of finance are called in to meetings with the Commissioner for Education Improvement and Efficiency.

Balances of schools converting to academy status under a sponsored arrangement

16. As Schools Forum members are aware, regulations allow schools transferring to academy status under a sponsored arrangement to leave any deficit balance at the point of conversion with the local authority. As a result of this the local authority has tightened procedures for allowing licensed deficits and only allow a school to set a licensed deficit budget in very exceptional circumstances. The local authority makes it clear to schools becoming sponsored academies that a deficit balance at the point of conversion will not be acceptable and require the school to provide financial monitoring information to the point of conversion demonstrating a balanced budget position, to the local authority on a monthly basis.
17. However despite these measures a recent school converting to an academy under a sponsored arrangement overspent just before converting and, at the point of closing their accounts as a maintained school, were in a deficit financial position. On this occasion due to the circumstances of the overspend and a positive working relationship between the local authority and the Academy Trust, the Academy Trust agreed to pick up the deficit balance.
18. There is a risk to the local authority of this situation happening again. To prevent or limit the potential cost to the local authority's budget, regulations allow local authorities to withdraw financial delegation from a school before they transfer to academy status under a sponsored arrangement. The local authority may need to resort to this measure to avoid this situation happening again. This clearly has resource implications for the local authority. Schools Forum's views are welcomed.



Schools Forum

Date: 21 June 2018

Time: 8:30 a.m.

Venue: Shrewsbury
Training and Development
Centre

Paper

D

Public

Control on Surplus Balances

Responsible Officer Gwyneth Evans
e-mail: gwyneth.evans@shropshire.gov.uk Tel: 01743 254865

Summary

Shropshire's Scheme for the Financing of Schools includes a balance control mechanism as agreed with Schools Forum.

Local authority maintained schools holding surplus revenue balances above the threshold levels (8% primary and special schools, 5% secondary schools) for three consecutive years are subject to the control on balances mechanism.

Any balances clawed back are recycled within the overall Schools Budget for the benefit of Shropshire pupils.

Recommendation

This report:

- details the individual school balances subject to the control on balances mechanism at March 2018, for information only; and
- recommends Schools Forum agree to consulting Shropshire maintained schools on the removal of the control on surplus balances mechanism from Shropshire's scheme for the financing of schools.

REPORT

1. Individual local authority maintained schools holding surplus revenue balances above the threshold levels for the past three consecutive years were notified in September 2017 that the local authority, in line with Shropshire's Scheme for the Financing of Schools, would claw-back any remaining revenue balance above the threshold level at the end of the financial year 2017-18. This notification followed 'early notification' letters sent to the relevant schools in September 2016.
2. It is recognised by the local authority that there may be some exceptional circumstances that require schools to retain a revenue balance above the

prescribed threshold levels. The local authority has taken exceptional circumstances into account where appropriate.

3. A schedule of the schools subject to the claw-back mechanism at the end of the financial year 2017-18 and the allowed exceptional circumstances, where agreed, is detailed in a confidential appendix to this report which will be tabled at the meeting.
4. No balances were clawed back at the end of the 2017-18 financial year.
5. The following table summarises the number of schools holding surplus balances above their threshold level for three consecutive years. Claw-back is applied at the end of the following year if the school has not spent the balance or had approval to hold it as an exceptional circumstance.

	March 2014	March 2015	March 2016	March 2017
Primary	12	11	21	16
Secondary	0	0	1	0
Special	0	0	0	0
Total	12	11	22	16
Shropshire Maintained Schools Balances	£5.6m	£4.4m	£7.2m	£6.2m

6. Of the 16 schools holding surplus balances above their control on balances threshold level for three consecutive years as at 31 March 2017, seven primary schools continued to hold a surplus balance above their threshold level at March 2018 and were therefore subject to claw-back.
7. All seven primary schools put forward cases for exceptional circumstances which were agreed by the local authority. A brief summary is included in the confidential appendix.
8. There are 19 primary schools and one secondary school subject to the claw-back mechanism in 2018-19.

Consultation on the removal of the control on surplus balances mechanism from Shropshire's scheme for the financing of schools

9. The Department for Education (DfE) removed the requirement for local authority schemes for the financing of schools to include a balance control mechanism from April 2011. Following consultation with Shropshire maintained schools, Shropshire Schools Forum agreed the continued inclusion of a control on surplus balances mechanism within Shropshire's scheme to ensure funding is spent on the pupils generating it.
10. Since 2011-12 actual clawback of balances has only been applied once to one school at March 2017 where a balance above the clawback threshold had been held for six consecutive years and exceptional circumstances had already been granted for the two previous years. In all other instances, schools have made a

case for exceptional circumstances and have spent the surplus balances in the following financial year. The majority of exceptional circumstances approved by the local authority related to use of revenue reserves for on-going building improvements and support to the following year's budget plan following a fall in numbers on roll.

11. Whilst there has been a very small number of actual instances of clawback, the control on surplus balances mechanism has focused governing bodies' on the effective planning of surplus balances. However given the move to increased autonomy for schools, it is proposed that Shropshire schools and Schools Forum are consulted on whether to remove the control on surplus balances mechanism from within Shropshire's scheme for the financing of schools and replace with the following wording, consistent with the DfE's wording in school benchmarking reports:

'Keeping a modest balance from year to year is prudent, but if a school is building up a substantial surplus there should be a clear plan for how it will be used to benefit pupils.'

12. Schools Forum is recommended to agree to consulting Shropshire maintained schools on the removal of the control on surplus balances mechanism from within Shropshire's scheme for the financing of schools with effect from 2018-19 and replace it with the wording above. Responses to the consultation will be considered by Schools Forum and a recommendation to the local authority made.

This page is intentionally left blank



Schools Forum

Date: 21 June 2018

Time: 8:30 a.m.

Venue: Shrewsbury
Training and Development
Centre

Paper

E

Public

Updated Dedicated Schools Grant (DSG) 2018-19

Responsible Officer Gwyneth Evans
e-mail: gwyneth.evans@shropshire.gov.uk Tel: 01743 254865

Summary

The Department for Education (DfE) announced provisional 2018-19 local authority Dedicated Schools Grant (DSG) allocations in December 2017, as reported to Schools Forum on 18 January 2018. In March 2018 and May 2018 the DfE announced updates to the DSG allocation for the 2018-19 financial year.

This report provides a summary of Shropshire's updated 2018-19 DSG allocation comparing it with Shropshire's initial provisional DSG allocation as reported to Schools Forum in January 2018.

Recommendation

This report is for information only.

REPORT

1. In January 2018 Schools Forum members received a report summarising the 2018-19 funding blocks making up Shropshire's provisional DSG allocation and listing the key financial headlines for each of the blocks.
2. Shropshire's 2018-19 DSG allocation was updated in March 2018 (with a correction amendment announced in May 2018) to include recoupment for academies and deductions for high needs places funded by the ESFA.
3. A summary of the provisional 2018-19 DSG (as presented to Schools Forum in January 2018) and the latest updated 2018-19 DSG allocation including recoupment for academies and deductions for high needs places funded by the ESFA, is shown in the table below.

	Initial DSG £m	Recoupment / Deductions for HN places £m	Latest DSG £m
Schools Block	157.872	70.857	87.015
Early Years Block (Provisional)	15.001	0	15.001
High Needs Block	25.077	5.136	19.941
Central Schools Services Block (CSSB)	3.160	0	3.160
Total DSG	201.111	75.993	125.118

4. The Schools Block recoupment shown in the table above relates to the budget shares, calculated through Shropshire's local funding formula, of 42 Shropshire academies. The funding is recouped from Shropshire's DSG and passed on to providers by the Education and Skills Funding Agency (ESFA). The DSG recoupment will be updated throughout the financial year to reflect new academy conversions.

5. The High Needs Block deduction relates to pre and post 16 high needs place funding for Severndale academy, pre 16 high needs place funding for Kettlemere based at Lakelands academy, post 16 high needs places at mainstream academies and maintained schools in Shropshire and Post 16 high needs places in Commercial and Charitable Providers (CCPs) and Further Education (FE). The funding is deducted from Shropshire's DSG and passed on to providers by the ESFA.



Schools Forum

Date: 21 June 2018

Time: 8:30 a.m.

Venue: Shrewsbury
Training and Development
Centre

Paper

F

Public

Schools Financial Value Standard (SFVS) 2017-18 and its replacement from April 2019

Responsible Officer Gwyneth Evans
e-mail: gwyneth.evans@shropshire.gov.uk Tel: 01743 254865

Summary

All local authorities are required to include within their Scheme for the Financing of Schools a requirement for all maintained schools to complete and submit a Schools Financial Value Standard (SFVS) assessment form to the local authority by 31 March each year.

The purpose of the SFVS assessment form is to assist schools in managing their finances and to provide assurance that they have secure financial management in place.

Each local authority's Chief Finance Officer is required to complete and return to the Department for Education (DfE), an assurance statement recording the number of schools that have and have not complied with this requirement.

This report details the position of Shropshire schools as recorded on the assurance statement as at 31 March 2018.

Recommendation

This report is for information only.

REPORT

1. The SFVS assessment form has been a requirement since September 2011. The purpose of the SFVS is to assist schools in managing their finances and to provide assurance that they have secure financial management in place.
2. Governing bodies have formal responsibility for the financial management of their schools so the SFVS is primarily aimed at governors.
3. The SFVS assessment form must be completed, signed by the chair of governors and submitted to the local authority by 31 March each year. It is for the school to determine at which time of year they wish to complete the form.

4. The 2017-18 SFVS assessment form is a series of 25 questions which the governing body must answer Yes, No or In Part to. It includes a comments section where governors can provide additional commentary to support their answer.
5. Each local authority's Chief Finance Officer is required to submit an annual assurance statement to the DfE detailing the numbers of maintained schools that have completed and returned their SFVS by 31 March each year and the number that have not.
6. The table below details the position at 31 March 2018, as reported by Shropshire's Chief Finance Officer within the assurance statement to the DfE by 31 May 2018.

Total number of eligible schools	109
Number of eligible schools completed SFVS and submitted to LA by 31 March 2018	92 (84%)
Number of eligible schools that did not complete the SFVS and submit to LA by 31 March 2018 (without exemptions)	14 (13%)
Number of schools granted exemption as issued with an Academy order/merged/closed or entered into hard federation with new governing body	3 (3%)

7. The number of schools completing the SFVS return and submitting it to the local authority by the required deadline increased from 75% at March 2017 to 84% at March 2018 and the number of schools not completing the return and not in receipt of an exemption reduced from 17% to 13%.
8. There were no outstanding SFVS returns for 2017-18 as at 31 May 2018 although some returns were missing some sections of information. This is being followed up with the individual schools to ensure completeness.
9. The SFVS assessment form template and supporting notes are available on the Shropshire Learning Gateway. The SFVS requirement is detailed in Shropshire's Scheme for the Financing of Schools. A reminder is included within the Information from the Corporate Director on autumn term governing body agendas as well as being included as an agenda item on the spring term governing body agenda. The annual notes supporting the budget information provided to Shropshire schools in January included a reminder of the SFVS requirements. In addition a reminder email was sent to all schools in March 2018.

Replacement of the current SFVS requirement from April 2019

The Department for Education announced in May their intention to introduce a new resource management tool to replace the current Schools Financial Value Standard (SFVS) from April 2019.

The Department is planning to introduce this new tool to support schools to make a better self-assessment of how they manage their resources. The intention is to provide a robust and consistent method to help schools to identify if and where there is potential to make improvements to how they allocate and manage their resources in order to have a greater impact on pupil progress. They also want this tool to provide assurance to local authorities that schools are considering how their resources could be most effectively managed.

The tool is in two parts.

1. A checklist: a series of questions which look at the systems, structures and processes which are in place in making decisions about the allocation of resource (this is a development of the current SFVS), and
2. A dashboard: a new data-based element which looks at how a school's data compares to thresholds, which are set using the data for all schools.

The tool is still in the development stage. Information on the new requirement will be provided to maintained schools once finalised.

This page is intentionally left blank



Schools Forum

Date: 21 June 2018

Time: 8:30 a.m.

Venue: Shrewsbury
Training and Development
Centre

Paper

G

Public

Scheme for the Financing of Schools Revisions

Responsible Officer Gwyneth Evans
e-mail: gwyneth.evans@shropshire.gov.uk Tel: 01743 254865

Summary

Local authorities are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain.

The Department for Education (DfE) published statutory guidance for local authorities on schemes for financing schools in March 2018. The latest guidance includes a directed revision and updates as detailed within this report.

Recommendation

This report is for information only.

REPORT

1. Statutory guidance from the Department for Education for local authorities on schemes for financing schools was published in March 2018. It relates to Section 48 of the School Standards and Framework Act 1998, and Schedule 14 to the Act. Local authorities are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain. The guidance lists the provisions which a local authority's scheme should or may include.

Directed Revision

2. The Secretary of State may by a direction revise the whole or any part of the scheme as from such date as may be specified in the direction. In order to make a directed revision to schemes, the Secretary of State is required, by provisions in the School Standards and Framework Act 1998, to consult the relevant local authorities and other interested parties. Following consultation, the Secretary of State directs that from 22 March 2018 the text below shall be incorporated into the schemes of all local authorities in England:
3. *'Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a*

benefit to the school lasting more than one financial or academic year. Loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income. If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new Academy school'

Updates to the Guidance

4. Updates have been made to the guidance, to mirror changes in the Schools and Early Years Finance (England) Regulations 2018.
5. Paragraph 4.8 has been updated to reflect changes on balances of closing schools, as detailed under Regulation 25 (9). Where in the funding period, a school has been established or is subject to a prescribed alteration as a result of the closure of a school, a local authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share (including any surplus carried over from previous funding periods) of the closing school for the funding period in which it closes.
6. Annex B: Responsibility for redundancy and early retirement costs has been updated to reflect changes under Schedule 2 Part 7, of the Finance Regulations. This details how a local authority can retain a central budget within the schools budget to fund the costs of new early retirements or redundancies by a deduction from maintained school only, where the relevant maintained school members of the schools forum agree.
7. Additional updates made include the removal of wording in paragraph 2.3.1, as regulations no longer allow local authorities to issue budget shares for a multi-year period.
8. References to the Audit Commission have been removed from paragraph 2.6, as this has been abolished.
9. Within paragraph 6.2.15, 'statement of SEN' has been replaced with 'Education Health and Care Plan (EHCP)'.

Shropshire's Scheme for Financing Schools

10. Shropshire's scheme for financing schools is available to maintained schools via the Learning Gateway. The latest version will be updated with the directed revision and in relation to the updates to the guidance.